Chapter 6
Ethnic Autonomy and Tibet: Policy Options

Abstract China has made various efforts to keep its peripheral, non-Han Chinese areas under its effective control and to achieve a harmonious society for China as a whole. However, till present, the costs spent are quite high and the outcomes achieved are not so encouraging in Tibet autonomous region (TAR). Given the TAR's low levels of ethnic (and also religious) diversity and of economic inequality—all being foundations for a stable harmonious society, we suggest that policymakers should consider more radical reforms that may generate incentives to promote the local political and economic developments in the TAR. This chapter also compares a series of policy options aiming to upgrade the TAR's political autonomy and to re-allocate the Tibetan autonomous prefectures (TAPs) and the Tibetan autonomous counties (TACs) outside the TAR. At last, the Dalia Lama's role in the long-term development of all Tibetan areas is discussed.

Keywords Ethnic autonomy · Tibet autonomous region (TAR) · Political autonomy · Tibetan autonomous prefecture (TAP) · Tibetan autonomous county (TAC) · Greater Tibet region (GTR) · International tibetan independent movement (ITIM) · Dalai lama

6.1 Regional Ethnic Autonomies in China

6.1.1 Evolution and Organization

In 1947, China's first, and ethnically based, autonomous region, Inner Mongolia, was established at the provincial level by the Chinese Communist Party (CCP). Then, after the foundation of the People's Republic of China in 1949, the Chinese government began to introduce a system of regional autonomy for other

non-Han ethnic areas. In 1952, the Chinese government issued the Program for the Implementation of Regional Ethnic Autonomy of the People's Republic of China, which included provisions on the establishment of ethnic autonomous areas and the composition of organs of self-government, as well as the right of self-government for such organs.

The first National People's Congress (NPC), convened in 1954, included the system of regional autonomy for ethnic minorities in the Constitution of the People's Republic of China. Thereafter, four autonomous regions appeared in China. They are Xinjiang Uyghur autonomous region (October 1955), Guangxi Zhuang autonomous region (March 1958), Ningxia Hui autonomous region (October 1958), and Tibet autonomous region (September 1965).

On May 31, 1984, on the basis of summarizing the experience of practicing regional autonomy for non-Han ethnic minorities, the second session of the Sixth NPC adopted the "Law of the People's Republic of China on Regional Ethnic Autonomy." The Law, which was further amended in 2001, has been the basic legal document for implementing the system of regional autonomy for ethnic minorities. It defines the relationship between the central government and the ethnic autonomous areas, as well as the relationship between different ethnic groups in ethnic autonomous areas.

In most cases, the name of an ethnic autonomous area consists of the name of the place, the name of the ethnic group, and the character indicating the administrative status, in that order. Take the Ningxia Hui autonomous region as an example: 'Ningxia' is the name of the place, 'Hui' is the name of the ethnic group and 'region' indicates the level of administration. At present, China has five provincial-level autonomous regions as the following:

- Guangxi Zhuang autonomous region
- Inner Mongolia autonomous region
- Ningxia Hui autonomous region
- Tibet autonomous region
- Xinjiang Uyghur autonomous region

Communities of one ethnic group may establish, according to their respective sizes, different autonomous administrations. If we take the Hui ethnic group as an example, this includes:

(i)   A provincial-level administration, called Ningxia Hui autonomous region;
(ii)   A prefectural-level administration, called the Linxia Hui autonomous prefecture of Gansu province; and
(iii) A county-level administration, called the Mengcun Hui autonomous county of Hebei province.

In places where different ethnic groups live, each autonomous administration can be established based on either one ethnic group (such as Tibet autonomous region; Liangshan Yi autonomous prefecture of Sichuan province; and Jingning She autonomous county of Zhejiang province); or two or more ethnic groups (such as Haixi Mongolian-Tibetan autonomous prefecture of Qinghai province;

and Jishishan Bao'nan-Dongxiang-Salar autonomous county of Gansu province). If a minority ethnic group lives in an autonomous area of a bigger ethnic group, the former may establish their own subordinate autonomous areas. For example, Yili (Ili) Kazak autonomous prefecture and Yanqi Hui autonomous county are all established within the Xinjiang Uyghur autonomous region.

6.1.2 Tibetan Autonomous Areas

In China, Tibet is officially called 'Tibet autonomous region' (TAR). In areas outside the TAR, China has established ten Tibetan autonomous prefectures (TAPs) in four provinces:

- Gansu province: Gannan TAP
- Qinghai province: Golog TAP; Haibei TAP; Hainan TAP; Haixi TAP[1]; Huangnan TAP; Yushu TAP
- Sichuan province: Aba TAP[2]; Ganzi TAP
- Yunnan province: Diqing TAP

In addition, two Tibetan autonomous counties (TACs) have also been created in Gansu and Sichuan provinces:

- Gansu province: Tianzhu TAC of Wuwei city
- Sichuan province: Muli TAC of Liangshan Yi autonomous prefecture

Table 6.1 presents a brief statistical summary of all the three types of Tibetan autonomous areas. Specifically, on the one hand, the total land area of the TAPs and TACs as a whole is more 80 % that of TAR, on the other hand, the total population of the TAPs and TACs as a whole (5.44 million) is much larger than that of TAR (3.00 million). Even only Tibetan ethnic population is taken into account, TAR is still smaller than the TAPs and TACs as a whole.

In 2010, TAR's per capita gross regional output (GRP) (17,319 yuan) is lower than that of the ten TAPs as a whole (19,853 yuan), but is still higher than that of the two TACs as a whole (11,826 yuan). However, within the TAPs, there are greater economic disparities. For example, Haixi TAP has a per capita GRP of 78,180 yuan, which is 9.16 and 7.92 times those of Yushu TAP of Qinghai province and Gannan TAP of Gansu province, respectively. Obviously, these ratios are much larger than Tibet's the top-to-bottom prefecture ratio of 1.63 in 2010 (as shown in Table 5.2).

It is also noteworthy that of the ten TAPs, Gannan (Gansu), Ganzi (Sichuan), and Golog Hainan, Huangnan, Yushu (all of Qinghai province) each have populations of which more than 50 % are Tibetans. However, the remaining TAPs as well as the TACs are no longer Tibetan dominated.

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[1]It is officially called 'Mongol and Tibetan autonomous prefecture.'

[2]It is officially called 'Tibetan and Qiang autonomous prefecture'.

Table 6.1 Major indicators of the Tibetan areas under Chinese administrations, 2010

Tibetan area	Land area (sq. km)	Population		Per capita GRP (yuan)
		Total (persons)	Tibetans (%)	
TAR	1,228,400[a]	3,002,166	92.77	17,319
All TAPs outside TAR	985,613	5,101,067	58.50	19,853
Aba TAP[b], Sichuan	*83,426*	*898,713*	*56.60*	*14,772*
Diqing TAP, Yunnan	*23,870*	*400,182*	*32.36*	*20,289*
Gannan TAP, Gansu	*38,312*	*689,132*	*55.60*	*9,876*
Ganzi TAP, Sichuan	*151,078*	*1,091,872*	*78.29*	*11,659*
Golog TAP, Qinghai	*76,312*	*181,682*	*90.00*	*11,243*
Haibei TAP, Qinghai	*34,100*	*273,304*	*24.36*	*19,358*
Hainan TAP, Qinghai	*46,000*	*441,689*	*66.31*	*15,690*
Haixi TAP[c], Qinghai	*325,800*	*489,338*	*10.93*	*78,180*
Huangnan TAP, Qinghai	*17,921*	*256,716*	*63.95*	*17,888*
Yushu TAP, Qinghai	*188,794*	*378,439*	*97.00*	*8,531*
All TACs outside TAR	20,401	341,200	30.84	11,826
Muli TAC, Sichuan	*13,252*	*131,700*	*32.39*	*11,483*
Tianzhu TAC, Gansu	*7,149*	*209,500*	*29.87*	*12,042*
All Tibetan areas	2,234,414	8,444,433	69.56	18,628

Abbreviations TAC Tibetan autonomous county; *TAP* Tibetan autonomous prefecture; *TAR* Tibet autonomous region; and *GRP* gross regional product. *Notes* [a]including the disputed areas occupied by India; [b]officially called Tibetan-Qiang autonomous prefecture; [c]officially called Mongol-Tibetan autonomous prefecture. *Source* Author's calculations based on TBS (Tibet Bureau of Statistics) (2011), Guo (2013), and other miscellaneous news clippings

6.2 Inequality, Ethnic Diversity, and Tibet

6.2.1 Inequality and Diversity

A substantial literature has analyzed the effects of income inequalities on macro-economic performances. Most argue that greater income inequality is actually an impediment to economic growth. A seemingly plausible argument points to the existence of credit market failures such that people are unable to exploit growth-promoting opportunities for investment (see, for example, Benabou 1996; Aghion

Table 6.2 Theoretical effects of income inequality and of cultural diversity

	Negative effects	Positive effects
Income inequality	Inequality motivates the poor to engage in crime, riots, and other disruptive activities (Hibbs 1973; Venieris and Gupta 1986; Gupta 1990; Alesina and Perotti 1996); inequality may lead to higher fertility rates, which in turn could reduce economic growth (Perotti 1996); rise in inequality tends to reduce the average productivity of investment (Barro 2000)	Higher inequality tends to induce stronger incentives for people to work hard (Li and Zou 1998); rise in inequality implies a higher level of saving rates, which tends to raise investment and to enhance economic growth (Barro 2000)
Cultural diversity	Cultural diversity reduces the effectiveness of democratic institutions (Hannan and Carroll 1981); rise in cultural diversity tends to increase the cost for intercultural communication and mistrust in economic cooperation (Bollen and Robert 1985; Huntington 1993; Montalvo and Reynal-Querol 2003); inability to agree on common public goods and public policies (Alesina and Ferrara 2005).	Cultural diversity holds the potential for innovation and creative, nonlinear solutions (Shanker 1996); potential benefits of heterogeneity come from variety in production (Alesina and Ferrara 2005); comparative economic advantages usually exist between culturally dissimilar economies more often than between cultural homogeneous places (Guo 2004).

et al. 1999; and Barro 2000). With the limited access to credit, the exploitation of investment opportunities depends on individuals' levels of assets and incomes. Specifically, poor households tend to forego human capital investments that offer relatively high rates of return. In this case, a distortion-free redistribution of assets and incomes from rich to poor tends to raise the quantity and average productivity of investment. With declining marginal products of capital, the output loss from the market failure will be greater for the poor. So the higher the proportion of poor people there are in the economy the lower the rate of growth (Ravallion 2001).

Indeed, the negative effects of income inequality might exist in almost every sphere of human life. But there also exists evidence that supports the view that income inequality could encourage economic growth—both directly and indirectly. The most intuitive thesis is that a lower degree of inequality would mean a greater amount of redistribution from rich to poor. It is this redistribution that would become an impediment to the creation of incentives for people (especially the poorest and richest groups of them) to work hard (Li and Zou 1998). There is also a positive view for the effect of inequality on economic growth: if individual saving rates rise with the level of income, then a redistribution of resources from rich to poor tends to lower the aggregate rate of saving in an economy. Through this channel, a rise in income inequality tends to raise investment.[3] In this case,

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[3]This effect arises if the economy is partly closed, so that domestic investment depends, to some extent, on desired national saving (Barro 2000, p. 8).

greater inequality would enhance economic growth. However, there is an argument that inequality may lead to higher fertility rates, which in turn could reduce economic growth (Perotti 1996).

Worsening inequality of wealth and income motivates the poor to engage in crime, riots, and other disruptive activities (see, for example, Hibbs 1973; Venieris and Gupta 1986; Gupta 1990; Alesina and Perotti 1996). In a civilized world the existence of millions of starving people is not only unacceptable from an ethical point of view but also can hardly be expected to lead to peace and tranquility. As a consequence, it is widely believed that inequality could become an impediment to economic development. Unfortunately, the existing empirical analyses, using data on the performance of a broad panel of countries, have yielded conflicting results. Perotti (1996) and Benabou (1996), for instance, report an overall tendency for income inequality to generate lower economic growth in cross-country regressions, whereas some panel studies, such as that of Forbes (1997) and Li and Zou (1998), find relationships with the opposite sign. Nevertheless, Deininger and Squire (1998) provide evidence in support of the view that inequality retards economic growth in poor countries but not in richer countries. Using a large bulk of time series and cross-national data, Barro (2000) also supports this hypothesis.[4] However, others carefully conducted research projects, such as Eichera and Garcia-Penalosab (2001) and Ravallion (2001), provide little evidence that supports the above views.

Alesina and Ferrara (2005) highlight three 'microfoundations' underlying the nonlinear relationship between cultural (ethnic) diversity and economic performance. First, diversity can affect economic choices by directly entering individual preferences. Second, diversity can affect economic outcomes by influencing the strategies of individuals. Even when individuals have no taste for or against homogeneity, it may be optimal from an efficiency point of view to transact preferentially with members of one's own type if there are market imperfections. Finally, diversity may enter the production function. People differ in their productive skills and, more fundamentally, in the way they interpret problems and use their cognitive abilities to solve them. This can be considered the origin of the relationship between individual heterogeneity and innovation or productivity. An elegant formalization of the third microfoundation is provided by Hong and Page (1998), who prove two key results on this point. First, a group of 'cognitively diverse' problem solvers can find optimal solutions to difficult problems; second, under certain conditions a more diverse group of people with limited abilities can outperform a more homogeneous group of high-ability problem solvers. The intuition is that an individual's likelihood of improving decisions depends more on her having

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[4]There is an indication in Barro's (2000) study that growth tends to fall with greater inequality when per capita GDP is below around $2000 (1985 US dollars) and to rise with inequality when per capita GDP is above $2000.

a different perspective from other group members than on her own high expected score.[5]

6.2.2 Joint Effects of Inequality and Diversity

In brief, many theories exist for assessing the macroeconomic effects of cultural diversity and of income inequality—both negative and positive (see Table 6.2 for some summarized statements of these effects). The potential benefits of heterogeneity come from variety in production, and the costs come from the inability to agree on common public goods and public policies. This is an empirically plausible implication: the benefits of skill differentiation are likely to be more relevant in more advanced and complex societies. The problem is that most of these theories tend to have offsetting effects and that the net effects on growth, which depend entirely on all the internal and external conditions and environment concerned, are ambiguous. For example, while cultural diversity raises risks and costs for economic transactions between different groups of people, including the rich and poor or those with different cultural values and religious beliefs, they may also become incentives and even productive factors contributing to technological innovations and economic development.

Our interest will focus on the joint effects of income distribution and of cultural diversity on economic growth. Specifically, it is important to explore the conditions that might diminish the negative effects of inequality and cultural factors as nations overcome barriers to intra-national economic activities or, more strongly, attain a reduction in violence, as sources of growth-inhibiting friction. The negative effects of income inequality and cultural diversity on economic development would become very small if diverse groups learned to live with each other and purse their differences peacefully. This leads to the presumption that the socially stable and economically harmonious societies will be less sensitive to the measures of income inequality and cultural diversity than those otherwise. On the evidence of the above analysis, we can summarize five hypotheses as follows:

(i)   The relatively equal distribution of incomes could retard growth in culturally homogeneous nations.
(ii)   Cultural homogeneity could retard growth in nations with relatively equal distribution of incomes.
(iii) The probability of political and economic crises usually grows with respect to the increases of cultural diversity and income inequality indexes.
(iv)   Higher cultural diversity could become a source of productive factors contributing growth in high income or low inequality nations.
(v)   Higher inequality could help growth in high income or culturally homogeneous nations where there are very few, if any, intercultural barriers.

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[5]Cited from Alesina and Ferrara (2005).

6.2.3 Policy Implications: Tibet Can Bear Radical Reforms

According to new institutional economics, the system, like other production factors required in economic development, is a special kind of scarce resource to support economic growth and thus should be treated properly. The economic system of any nation is the mechanism that brings together natural resources, labor, technology, and the necessary managerial talents. Anticipating and then meeting human needs through production and distribution of goods and services is the end purpose of every economic system. While the type of economic system applied by a nation is usually artificially decided, it is also to a large extent the result of historical experience, which becomes over time a part of political culture.

In Annex of this chapter, we develop a model of economic growth with respect to, either individually or in an interactive term, cultural diversity and income inequality. We find that high inequality tends to retard growth in the 1980s and to encourage growth in the 1990s. Although we have not found evidence for the relation between linguistic diversity and economic growth, which is consistent with the findings of Lian and Oneal (1997), our estimated results do suggest that the growth rate of real per capita GDP is related to religious diversity under certain circumstances.

The indication that economic development is more related to religious diversity than to linguistic diversity may be reasonable: since most governments have endeavored to popularize their official languages, fewer and fewer people—most of whom are either illiterates or economically inactive—meet linguistic difficulties in communicating nationally. As a result, the influence of linguistic diversity on economic development becomes less significant than that of religious diversity. If our results are correct, the make-up of cultural diversity should be much more complicated than either emphasizing language most heavily (as Adelman and Morris (1967) and Haug (1967) suggested) or treating language and religion equally (as Lian and Oneal (1997) suggested).

Our regressions provide evidence to support the view that the world economy has been more significantly influenced by religious diversity in the post-Cold War period than in the Cold War period. While it is easy to understand why the economic activities have been determined by religious diversity since the end of the Cold War, we find that, for the 1990s, religious diversity tends to retard growth in high inequality nations and to encourage growth in low inequality places. We also find some evidence to support the view that inequality tends to encourage growth in religious homogeneous nations.

The above evidence supports the presumption that culturally homogenous economies will be less sensitive to the measures of income inequality than culturally heterogeneous places in which inequality may lead to violence. In other words, culturally homogenous economies can benefit from more frequent and radical institutional reforms and social changes even though the latter may easily result in social and economic inequalities.

With regard to Tibet—a culturally homogenous place in which there a very low income inequality, the negative effects of any radical institutional reforms can

be kept at the minimum level. One striking example is the historical evidence in which a series of political transformations have occurred in Tibet during the early 1950s. Had the Chinese government implemented a correct cultural policy toward Tibet and, in particular, dealt more properly with the Dalai Lama, there would not have been the uneasy Tibetan-Han relations in the following years.

6.3   Upgrading Tibet's Autonomy: A Proposal

6.3.1   Tibet's Uneasy Relations with China

After the Qing dynasty (AD 1644–1911) replaced the Ming dynasty (AD 1368–1644), it put Amdo (i.e., part of the Tibetan areas under the administrations of Qinghai, Gansu, and Sichuan provinces) under their control in 1724, and incorporated eastern Kham (i.e., today's Ganzi (or Garzê) Tibetan autonomous prefecture in Sichuan province as well as part of eastern Tibet and the Tibetan areas under the administrations of Qinghai and Yunnan) into neighboring Chinese provinces in later years. The Manchus of the Qing dynasty granted the Dalai Lama as the ruler to lead the government of Tibet. As the Qing dynasty weakened, its authority over Tibet also gradually weakened; by the mid 19th century, its influence was minuscule. Qing authority over Tibet had become more symbolic than real in the late 19th century, although in the 1860s the Tibetans still choose for reasons of their own to emphasize the empire's symbolic authority and make it seem substantial (Fairbank 1978, p. 407).

After the Republic of China (ROC) was founded in 1912, the Dalai Lama refused any Chinese title and declared himself ruler of an independent Tibet in collusion with Mongolia. For the next 36 years, the thirteenth Dalai Lama and the regents who succeeded him governed Tibet. The People's Republic of China (PRC) incorporated Tibet in 1950 and negotiated the Seventeen Point Agreement with the newly enthroned fourteenth Dalai Lama's government, affirming the PRC's sovereignty but granting the area autonomy. Subsequently, on his journey into exile, the fourteenth Dalai Lama completely repudiated the agreement, which he has repeated on many occasions. After the Dalai Lama government fled to Dharamsala, India during the 1959 Tibetan Rebellion, it established a rival government in exile. Afterwards, the Chinese central government in Beijing renounced the agreement and began implementation of the halted social and political reforms.

The Cultural Revolution launched in 1966 was a catastrophe for Tibet, as it was for the rest of the PRC. Large numbers of Tibetans died due to it, and the number of intact monasteries in Tibet was reduced from thousands to less than ten. Tibetan resentment toward the Chinese deepened (Powers 2004, pp. 141–142). During the Cultural Revolution, Red Guards, which included Tibetan members, inflicted a campaign of organized vandalism against cultural sites in the entire PRC, including Buddhist sites in Tibet (Shakya 1999, pp. 314–347). In spite of claims by the Chinese that most of the damage to Tibet's institutions occurred subsequently

during the Cultural Revolution (1966–1976), it is well established that the destruction of most of Tibet's more than 6,000 monasteries happened between 1959 and 1961 (Craig 1992, p. 125). During the mid-1960s, the monastic estates were broken up and secular education introduced.

Following Mao's death in 1976, Deng Xiaoping launched initiatives of rapprochement with the exiled Tibetan leaders. The Chinese leadership, hoping to persuade the Dalia Lama to come to live in China, decided to invite, for the first time since Dalai Lama's flight to India, representatives of the Dalai Lama to pay a visit to Tibet. Below is reported in Goldstein (1997, pp. 61–63):

> Ren Rong, who was Communist Party Secretary in Tibet, thought that Tibetans in Tibet were happy under Chinese Communist rule and that they shared the Chinese Communist views of the pre-Communist Tibetan rulers as oppressive despots. So, when delegations from the Tibetan government in exile visited Tibet in 1979–1980, Chinese officials expected to impress the Tibetan exiles with the progress that had occurred since 1950 and with the contentment of the Tibetan populace… Ren even organized meetings in Lhasa to urge Tibetans to restrain their animosity towards the coming representatives of an old, oppressive regime… The Chinese, then, were astonished and embarrassed at the massive, tearful expressions of devotion which Tibetans made to the visiting Tibetan exiles. Thousands of Tibetans cried, prostrated, offered scarves to the visitors, and strove for a chance to touch the Dalai Lama's brother.

6.3.2 Tibet with Higher Autonomy

Organizationally, China's non-Han ethnic administrative areas are oriented in a multi-ethnic manner. For example, in addition to deputies from the ethnic group or groups exercising regional autonomy in the area concerned, the people's congresses of the autonomous areas also include an appropriate number of members from other ethnic groups who live in that autonomous area. Among the chairman or vice-chairmen of the standing committee of the people's congress of an autonomous area there shall be one or more citizens of the ethnic group or groups exercising regional autonomy in the area concerned. The head of an autonomous region, autonomous prefecture, or autonomous county alike shall be a citizen of the ethnic group exercising regional autonomy in the area concerned. Other members of the people's governments of the autonomous areas shall include an appropriate number of members of the ethnic group exercising regional autonomy alongside members of other ethnic minorities. The functionaries of the working departments subsidiary to the organs of self-government shall be composed in a similar fashion.

By autonomy it generally means that the head of government would be an ethnic majority in the region. However, the head is always subordinate to the secretary of the autonomous regional committee of the Chinese Communist Party (CCP), who was usually a Han Chinese. As a result, the role of the non-Han ethnic groups in the high-level decision making of the autonomous region is very limited.

In general, the establishment of the Tibet autonomous region (TAR) has followed the model of other earlier autonomous regions setup for Guangxi (in 1958),

Inner Mongolia (in 1947), Ningxia (in 1958), and Xinjiang (in 1955). While an autonomous region is in theory different from a province, their extent of administrative control is actually quite the same. The term "autonomy" only implies that head of government will be an ethnic Tibetan. The TAR's head is always subordinate to the Secretary of the Chinese Communist Party (CCP) TAR Committee, who was a Han Chinese. As a result, the role of ethnic Tibetans in the high-level decision making of the TAR was very limited.

As noted in Chap. 1, earlier Chinese regimes had never set up a province in Tibet. What this means is that the establishment of the TAR was a significant measure in terms of strengthening the power of the central Chinese authorities in Tibet (Mackerras 2005, p. 6). From 2002 to 2010, Chinese officials have held ten rounds of talks with the envoys of the Dalai Lama XIV[6]:

- first round (September 2002) in Beijing, Lhasa, Linzhi, Shigatse, Chengdu, Shanghai, etc.
- second round (from end of May to early June, 2003) in Jiangsu, Zhejiang, Diqing Tibetan autonomous prefecture of Yunnan province, etc.
- third round (September 2004) in Guangdong, Hubei, Ganzi Tibetan autonomous prefecture of Sichuan, etc.
- fourth round (from June 30 to July 1, 2005) in Chinese Embassy in the Switzerland.
- fifth round (from February 15–2, 2006) in Guilin city of Guangxi, etc.
- sixth round (from June 29 to July 5, 2007) in Shanghai and Nanjing of Jiangsu province.
- seventh round (May 4, 2008) in Shenzhen city of Guangdong province.
- eighth round (from July 1–2, 2008) in Beijing.
- ninth round (from October 31 to November 5, 2008) in Beijing.
- tenth round (from January 26–31, 2010) in Beijing.

However, China has effectively ruled out dialog with the Tibetan government in exile and will only meet with representatives of the Dalai Lama and will limit any talks to the Tibetan spiritual leader's future. The Chinese central government's policy is that provided the Dalai Lama genuinely abandons his 'Tibet independence' stance, it can talk about his personal future. And the content of negotiations can only be about the Dalai Lama's future, or at most that of a few of his personal aides (Reuters, 14 May 2011).

China's official narrative has dated Tibet's incorporation into China to Sakya leader's submission to the Mongol Yuan dynasty (1279–1368). Tibetans point out that the Tibetan–Mongol relationship, like the latter relationship between Tibet and the Qing dynasty (1644–1911), was not one of pure subordination but rather a priest-patron relationship of equals between spiritual and temporal powers (Yeh 2013, p. 2). At present, little of substance has been achieved in the various Beijing-Dharamsala negotiations. While the Dalai Lama has wanted to gain more

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[6]Source: Author based on miscellaneous news clippings.

independent political and cultural status for Tibet, Beijing insisted that the existing autonomous system be kept in Tibet. At present, the topic of Tibet is highly controversial in nature. Suggestions for dealing with Tibet range from full independence to full integration within the People's Republic of China (PRC). The different views held by and the suggestions given on the Tibet question by various scholars and politicians are summarized as the following[7]:

A. The Greater Tibet Region (GTR) as an independent sovereign state in the traditional international system
B. Tibetans enjoy the utmost level of autonomy over the GTR, within the PRC
C. Tibetans enjoy a high level of autonomy within the GTR, without possessing external and military power
D. Tibetans enjoy a high level of autonomy only in cultural and spiritual spheres within the GTR
E. Preserving the status quo until the death of the Dalai Lama XIV
F. Continuous discussion as a means of mutual engagement
G. Constructing a bottom-up self-governing polity in the TAR
H. Progressively and fully assimilating everything in Tibet into the PRC

The "Greater Tibet Region" (GTR), which is claimed by the Tibetan government in exile, includes the regions of Amdo and Kham and many other Tibetan autonomous prefectures as mentioned in Table 6.1 and Fig. 6.1. At present, Amdo is part of the Tibetan areas under the administrations of Qinghai, Gansu, and Sichuan provinces; while part of Kham now is called "Ganzi (or Garzê) Tibetan autonomous prefecture" of Sichuan province. Altogether, the entire GTR amounts to over one-fifth of the total area of the PRC. Proposal B, which argues for the highest level of self-governance by the Tibetans in the whole GTR, but without officially ceding from the PRC, can be seen as a revision of Proposal C (Hari, 7 June 2004). However, unlike Proposal B, Proposal C would leave Beijing to handle Tibet's diplomatic and military policies. Proposal D can be seen as a de facto concession made by the Dalai Lama after 2003.

Obviously, both the Chinese central government and the Dalai Lama have disagreed over the geopolitical conceptualization of the TAR vis-à-vis the GTR. To the Dalai Lama, any solution that disregards the concept of the GTR is unlikely to be approved by the Tibetan government in exile in Dharamsala, while any area of Tibet that exceeds the TAR is unlikely to be accepted by Beijing. However, this does not mean that a compromise cannot be realized if both sides want to read an agreement. Specifically, the rationale for the status quo of the following Tibetan autonomous prefectures (TAPs) and Tibetan autonomous counties (TACs) outside Tibet autonomous region (TAR) is as the following:
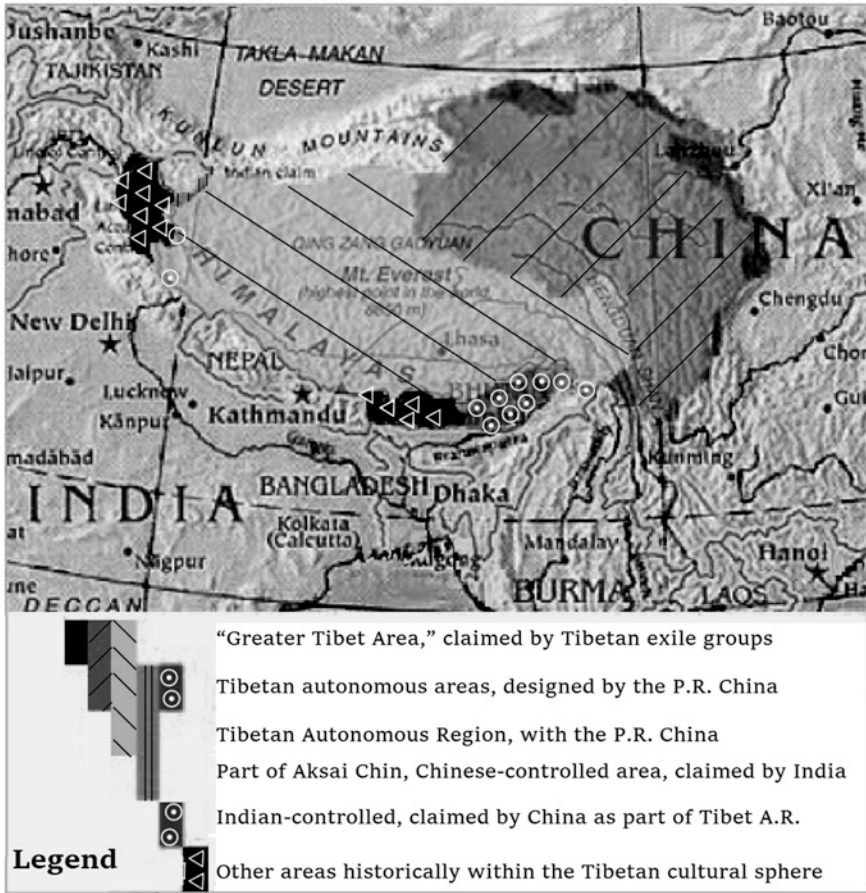
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[7]Cited from Shen (2010, pp. 63–68).

Fig. 6.1 The definitions of Tibet's territories. *Source* Author based on a map in public domain

- Diqing TAP (of Yunnan province), Haibei and Haixi TAPs[8] (all of Qinghai province), and Muli Tibetan AC (of Liangshan Yi autonomous prefecture, Sichuan province) and Tianzhu Tibetan AC (of Wuwei city, Gansu province), whose Tibetan populations only account for less than 50 % of their respective total populations (see Table 6.1 for details), are no longer Tibetan-dominated areas and have economic conditions dissimilar to those of the TAR. By way of contrast, the above TAPs and TACs have already geographical and economically incorporated into their respective provinces outside the TAR.

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[8]Haixi TAP is officially called 'Haixi Mongol and Tibetan autonomous prefecture'.

On the other hand, the rationale for the possible re-allocation of the following Tibetan autonomous prefectures (TAPs) outside Tibet autonomous region (TAR) is as the following:

- Ganzi TAP (of Sichuan province), Golog and Yushu TAPs (all of Qinghai province), whose Tibetan populations account for more than 90 % of their respective total populations (see Table 6.1 for details), are Tibetan-dominated areas and have geographical and economic conditions similar to those of the TAR. If the above poor TAPs are transferred to the TAR's administration and that the TAR is granted with higher political and economic autonomies, then the economic burdens of the central government and of the Sichuan and Qinghai provincial governments in particular will be largely reduced. In the enlarged TAR or, alternatively, the reduced GTR, there are 1,644,584 sq. km of land area and 4,654,159 of population.

However, there is still a problem in relation to the above arrangement. If Yushu TAP, whose Tibetans account for 97.00 % of its total population, is more suitable to be part of the TAR vis-à-vis Qinghai province, then how to deal with Haixi TAP? Even though Haixi is officially called 'Haixi Mongol and Tibetan autonomous prefecture,' the Tibetans and the Mongols only account for 10.93 and 5.53 % of its total population, respectively; and the Han *minority* there now has 66.01 % of Haixi's total population.[9] Since Haixi is located between the TAR and Yushu TAP, if the latter are integrated into a single administration, then Haixi TAP will become an enclave.

In addition, both Beijing and the Daliai Lama have a different understanding of what is meant by a high level of autonomy, or independence. Many Tibetans, especially those overseas Tibetans, wish to emphasize their unique international identity, whereas Beijing will never acknowledge a full or de facto Tibetan independence. However, if the PRC is willing to upgrade Tibet's political and cultural autonomies, then its uneasy relations with those Tibetans will be improved significantly. In order to pacify more Tibetans, the PRC could introduce further institutional reforms within the TAR by allowing more bottom-up elements into self-governance, as long as the elected Tibetan officials pledged their loyalty to the PRC and provided that Beijing could establish pragmatic criteria for the composition of the TAR government. This would be similar to the current arrangement of "one-country, two-systems" that operates in the Hong Kong and Macau.[10]

It is understood that the Dalai Lama's "autonomy" was that the head of Tibet (with assumed reference to the GTR) would be elected by the Tibetans but that Beijing had the de facto power to reject the appointment; the Dalai Lama would

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[9]Data source: The Sixth National Population Census of the PRC conducted in November 2010. Available at http://www.docin.com/p-427917347.html. Accessed on 2014-5-21.

[10]Hong Kong and Macao—which returned to China in 1997 and 1999, respectively—are now China's two special administrative regions (SARs). It was agreed on handover that the existing political and economic systems that prevailed prior to these dates would be maintained for 50 years.

enjoy permanent ownership of the Potala Palace and would be free to travel both inside and outside of China; and Tibetan Buddhists would enjoy exclusive rights to preach and to select successors to the Dalai Lama and the Panchen Lama (Shih, 14 May 2008).

At the very least, the Chinese government should engage in further negotiations with the Dalai Lama XIV, before the latter is replaced by other, tougher negotiators. Nevertheless, compared with the Dalai Lama's government in exile in Dharamsala, other fanatical independent groups, such as the Tibetan Youth Congress (TYC) or the International Tibetan Independent Movement (ITIM), have stronger support for full independence of the GTR. For example, in its official website (www.tibetanyouthcongress.org/conclusion.htm), the TYC has explicitly argued that the Tibet question is neither just about the return of the Dalai Lama to Tibet nor regional autonomy, but is directed at complete independence.[11]

6.3.3 Tibet with Dalai Lama

"Dalai" is the Mongolian translation of the Tibetan name Gyatso, or "ocean"; and the term "lama" means "superior person" in Tibetan. The name Dalai Lama was first given in AD 1578 by Altan Khan of the Mongols to Sonam Gyatso, a high lama of the Gelug school (also known as Yellow Hats). Historically the Dalai Lamas had political and religious influence in the Western Tibetan area of Ü-Tsang around Lhasa, where the Gelug school of Tibetan Buddhism was popular.

The current fourteenth Dalai Lama (religious name: Tenzin Gyatso) was born on July 6, 1935 in Taktser, Qinghai province (also known as Amdo to Tibetans), and was selected as the rebirth of the Dalai Lama XIII two years later. He was formally recognized as the Dalai Lama XIV on November 17, 1950, at the age of 15.[12]

During the 1959 Tibetan uprising, which China regards as an uprising of feudal landlords, the Dalai Lama fled to India, where he denounced the People's Republic of China and established a Tibetan government in exile. He has since traveled the world, advocating for the welfare of Tibetans. On the other hand, institutions around the world face pressure from China not to accept him. However, the Dalai Lama's influential roles have never been erased, both within and outside Tibet. As stated in Chap. 3, the fact that all the large-scale protests and riots have occurred in March reveals that the Dalia Lama XIV and his March Uprising of 1959 have been the main focus of the Tibetan unrest.

Another noticeable phenomenon is that the number of self-immolation protests has been increasing dramatically since 2009. Most of these protests have intended to call for the return of the Dalai Lama to Tibet as well as to oppose Chinese rule

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[11]Cited from Shen (2010, p. 76).

[12]Source: http://space.tv.cctv.com/act/article.jsp?articleId=ARTI1206177684005500). Accessed 2013-4-20.

Table 6.3 How the
Han-Uyghur and Han-Tibetan
unrest differs

No.	Incident	Direct cause
	The Han-Uyghur Cases	
(A)	Urumqi (1989) unrest	Han-Muslim distrust
(B)	Baren (1990) riot	Han-Muslim distrust
(C)	Yining (1997) incident	Han-Uyghur distrust
(D)	Xinjiang (2007) raid	Counter-terrorist action
(E)	Kashgar (2008) attack	Han-Uyghur distrust
(F)	Shaoguan (2009) incident	Common civil case
(G)	Urumqi (2009) riots	Induced by case (E)
(H)	Aksu (2010) bombing	Han-Uyghur distrust
(I)	Hotan (2011) attack	Han-Uyghur distrust
(J)	Yecheng (2012) attack	Terrorist attack
(K)	Bachu (2013) raid	Suspected terrorism
(L)	Shanshan (2013) raid	Suspected terrorism
(M)	Tiananmen (2013) attack	Terrorism
(N)	Kunming (2014) attack	Terrorism
(O)	Mong Cai (2014) clash	Illegal immigration
(P)	Urumqi (2014) attacks	Terrorism
	The Han-Tibetan Cases	
(a)	Tibetan (1959) rebellion	Socialism reform in Tibet
(b)	Tibetan (1987–1989) unrest	Induced by case (a)
(c)	Lhasa (2008) riots	Induced by case (a)
(d)	Self-immolation (2009–2013)	Induced by case (a)

Source: Guo (2015, Chap. 3) (for the Han-Uyghur cases) and Chap. 3 (for the Han-Tibetan cases)

in Tibet (see Sect. 3.4 of Chap. 3 for details). The Chinese government must face this situation since self-immolation protests have had a greater global impact than earlier protests. Any of China's impropriety in dealing with this kind of protests would harm its international reputation. After a brief comparison of the Han-Tibetan and the Han-Uyghur unrest that occurred during the past, we may observe that the unrest in Tibet was far less frequent and less physically horrible than that in Xinjiang. What is more, while the Han-Uyghur tension becomes tenser with time; the Han-Tibet tensions in Tibet have mainly focused on the return of Dalai Lama (see Table 6.3).

6.3.4 Dalai Lama as a Cultural Asset

The Dalai Lama XIV has been successful in gaining Western sympathy for himself and the cause of greater Tibetan autonomy or independence. During the past decade, the Dalai Lama has received numerous awards over his spiritual and political

career. On May 28, 2005, he received the Christmas Humphreys Award from the Buddhist Society in the United Kingdom. On June 22, 2006, he became one of only five people ever to be recognized with Honorary Citizenship by the Governor General of Canada. The Dalai Lama was a 2007 recipient of the Congressional Gold Medal, the highest civilian award bestowed by American lawmakers. In 2012, the Dalai Lama was awarded the Templeton Prize. After the Tiananmen Square protests of 1989, the Dalai Lama was awarded the 1989 Nobel Peace Prize. The Committee officially gave the prize to the Dalai Lama for "the struggle of the liberation of Tibet and the efforts for a peaceful resolution."[13]

The Dalai Lama has expressed to the Tibetans who were calling for independence and a more radical approach that his "Middle Way" (i.e., the one of seeking meaningful autonomy, within the framework of the PRC Constitution) was "the only realistic way" to address the Tibetan question. In a wide-ranging interview with *The Hindu* (an Indian newspaper) in his residence in Dharamsala on July 6, 2012—the day the Tibetan community there grandly celebrated the exiled leader's 77th birthday with prayers and songs—the Dalai Lama spoke of the new challenges being faced by the Tibetan movement. He expressed that he would address the issue of his succession, but cautioned China against "trying to take responsibility for the Dalai Lama's reincarnation." "If the Dalai Lama becomes 100 percent pro-Chinese, then Tibetans will not respect the Dalai Lama." (Krishnan, 9 July 2012)

Finally, imagine if the cultural legacy of the Dalai Lama becomes an asset to the PRC, in the same way that the intangible asset of the Holy See has been skillfully used by the Italian state, the PRC's attraction to the world—as well as convincing the world of its "peaceful rise" or "peaceful development" strategy—would be considerably boosted (Shen 2010, p. 77). Alternatively, if the Chinese government really dislikes the Dalai Lama XIV (who is almost 80-year old now) or that both sides cannot reach any compromise, it is time for today's government to investigate all possible political agendas that they can discuss with the Dalai Lama XV some day in the future. However, as the Dalai Lama XIV would relinquish, as he has said before, the four century-old tradition of political guidance in favor of a popularly elected leader by the Tibetan diaspora. In giving up his political powers, the 80-year-old would make it more difficult for China to manage the course of the independence movement after his death.

There is no doubt that China has many misconducts and miscalculations in relation to Tibet during the past decades, especially during the 1950 and 1960s. At the very least, the Chinese Communist Party (CCP) had a big mistake in 1959 in which China's top leader allowed the Dalai Lama to escape from Tibet. For example, regarding the Dalai Lama's possible flee in 1959, Mao Zedong ordered the PLA forces in Tibet:

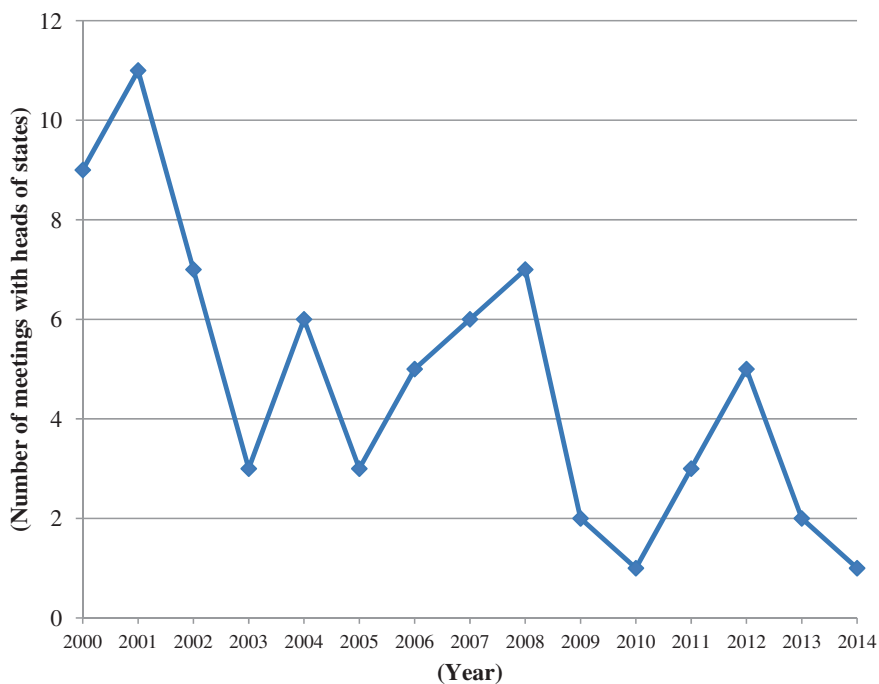[13]Cited from "Presentation Speech by Egil Aarvik, Chairman of the Norwegian Nobel Committee". Available at http://nobelprize.org/peace/laureates/1989/presentation-speech.html. Accessed 2013-4-19.

Fig. 6.2 The number of Dalai Lama's meetings with heads of states, 2000–2014. *Source* http://www.mintpressnews.com/one-likes-dalai-lama-anymore/196250/ (accessed on 2014-9-9). Re-drawn by author

> Do not hold back [Dalai Lama], let him go to Shannan [southern Tibet—part of which is currently called 'Arunachal Pradesh' and administrated by India], India or wherever he wants.[14]

It natural to believe that, had the Dalai Lama been still in Tibet, it would not have been so hard for the Chinese policymakers to handle the Tibet issue. At present, thanks to China's growing economic influences, on the one hand, and its continuing pressure to international community, the Dalai Lama has only decreasing influences world-wide (see Fig. 6.2). Thus, it is now a good opportunity for the Chinese government to arrange new negotiations with the Dalai Lama on the "Tibet" problem.

6.4 Broader Implications

China has invested much heavily in Tibet (see Chap. 2 for details) in order to progressively and fully assimilate everything in Tibet into the PRC. For example, the Chinese central government have exempted Tibet from all taxation and provided

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[14]Cited from Zhang (2009, p. 191).

90 % of Tibet's government expenditures (Grunfeld 1996, p. 224). China has been the second largest economy in the world—and, definitely, if based on PPP rates, its economy would have already surpassed that of the U.S. China is now much richer than any period in its past history. However, China's current policies toward Tibet are unsustainable. It seems that, till present, Tibet has been a big burden to China. And what China has gained—politically and economically—is far less than what it has paid for.

China needs smarter policies. Given that the Chinese economy is still operated under the highly centralized system, it seems unlikely that the central government will be willing to, and, of course, be able to carry out any dramatic administrative reconstruction of Tibet. This requires further political reforms of China as a whole. Of course, this chapter only presents some preliminary ideas about the future of Tibet. If the PRC government is smart enough, the proposals suggested in this chapter could be further developed into more practical measures. Furthermore, they can be applied not only to Tibet, but also to other ethnic minority areas.

More than three decades ago, when addressing Hong Kong's return to China's sovereignty in 1997, Deng Xiaoping proposed the "One country, two systems." According to the mini-constitution "Basic Law," "[t]he Hong Kong Special Administrative Region may on its own, using the name of 'Hong Kong, China,' maintain and develop relations and conclude and implement agreements with foreign states and regions and relevant international organizations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields."[15]

It should be noted that Hong Kong and its people are not the only winner for the post-1997 arrangement of Hong Kong—a former colony of United Kingdom. Mainland China has also benefited by granting Hong Kong as a "quasi-state" under the framework of "one country, two systems." Since the return to its motherland, Hong Kong has not only avoided becoming a "trouble-maker" to mainland China's socialist system, it but also has helped to raise China's international influences. For example, the appointment of Margaret Chan as the Director-General of the World Health Organization (WHO) in 2006 with the extensive back up from the Beijing government triumphs the success of "second-tier sovereignty" system in modern state diplomacy (Shen 2009, pp. 361–382). In the WHO, Mrs. Chen not only represents "Hong Kong, China," she represents China as a whole.

If the PRC's new leaders are wiser than Deng Xiaoping, they could successfully apply the Hong Kong mode (or a revision of it) to Tibet, given the latter's independent-state status cannot be recognized. In this way, China's soft power could be greatly enhanced. Furthermore, if both sides of the Taiwan Straits are wiser than their predecessors, the PRC and Taiwan—both of which share a single Chinese ancestor—can form a "Greater China Community" or a "Pan-Chinese Union." Only till that day comes, can China itself eventually realize its "dream of a strong nation."

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[15]Cited from "The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China" (Chap. 7: External Affairs, Article 151).

Annex

Estimating the joint effects of cultural diversity and inequality

In past literature relating to the determinants of economic growth, income inequality and cultural diversity have been treated separately. In this section, we try to investigate their joint effects. Our task is to clarify (1) the cultural conditions under which income inequality encourages (retards) economic growth; and (2) the economic conditions under which cultural diversity encourages (retards) economic growth. Our empirical work considers average growth rates of real per capita GDP over two decades, from 1980 to 1989 and from 1990 to 1999. We define these periods as those of the Cold War and the post-Cold War, respectively. What we intend to do is to see if the determinants of economic growth are different in the two periods.

Our analytical model is based on Barro's (2000) findings on the determinants of economic growth. In Barro's model, which was estimated by the three-stage least squares (3SLS) technique, 11 explanatory variables (the log of real per capita GDP and its square, the ratio of government consumption to GDP, a subjective index of the maintenance of the rule of law, a subjective for democracy (electoral rights) and its square, the ratio of inflation, the years of schooling, the log of total fertility rate, the ratio of investment to GDP, and the growth rate of the terms of trade) are used. In order to avoid possible estimation errors resulting from multicolinearity, we will only focus on how the growth rate that remains unexplained in Barro's model is related to GINI (Gini coefficient, representing income inequality) and DIVERSITY (cultural diversity, including language and religion).

As suggested in Table 6.2, the effects of income inequality and cultural diversity on economic growth, both positive and negative, may be offsetting. Consequently, the regressions might not be statistically significant. In order to clarify the conditions under which economic growth can be both positively and negatively related to income inequality and cultural diversity, we allow the influences of the DIVERSITY and GINI variables on growth to depend on each other. To this end, the DIVERSITY and GINI variables are now entered into the growth model both individually and jointly as a product. We also allow income level (measured by natural log of per capita GDP, or lnGDPPC) and DIVERSITY and GINI as joint explanatory variables in the growth model.

The dependent variable is defined as the average growth rates of real per capita GDP which remain unexplained in Barro's baseline panel regression (Barro 2000, p. 12, tab. 1).[16] The real per capita GDP, the data of which come from the World

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[16]The estimation is by three-stage least squares. Instruments are the actual values of the schooling and terms of trade variables, lagged values of the other variables aside from inflation, and dummy variables for prior colonial status. Since some explanatory variables employed by Barro (such as a subjective index of the maintenance of the rule of law, a subjective for democracy, the ratio of inflation, the log of total fertility rate, and the growth rate of the terms of trade) could either be influenced by cultural diversity or their data are not available, we ignore their effects on growth rates when calculating the data.

Economic Outlook of the International Monetary Fund (various years), is measured in 1985 US dollars for all sample nations. The data of the Gini coefficients come from a revised version of the World Income Inequality Database (WIID2 Beta), available at the website of the World Institute for Development Economics Research (WIDER): www.wider.unu.edu/wiid/wiid.htm. Our empirical work considers the average level for all annual Gini coefficients available within each period. Instead, when national data are absent, regional (urban or rural areas) data are used.

The data on the linguistic and religious diversity indexes are calculated based on Eq. 5.5. To save the time in data collection, we will not calculate the period average data for cultural diversity indexes. Instead, we only collect the mid-period data. Specifically, we collect the cultural data for two years: 1985 for the period 1980–1989 and 1995 for the period 1990–1999. The framework includes countries with vastly different social, economic and cultural conditions. The attractive feature of this broad sample is that it encompasses great variation in the explanatory variables that are to be evaluated. Our view is that it is impossible to use the experience of one or a few countries to get an accurate empirical assessment of the long-term growth implications from a set of social, economic, and cultural variables. However, one drawback of this kind of diverse sample is that it creates difficulties in measuring variables in a consistent and accurate way across countries and over time.

The other empirical issue, which is likely to be more important, is the sorting out of directions of causation. From a longer perspective of the human history, the extent of cultural diversities (especially in terms of religion, which appears in our model as the explanatory variable) is the final result of economic development (which appears in our model as the dependent variable). But we argue that within a shorter period of time this kind of causation is very weak.

Our baseline panel regressions do not yield any overall relation between growth and income inequality for the 1980 and 1990s as a whole (the estimated results are not reported here). But the estimated coefficients on income inequality (GINI) become statistically significant when the panel regressions are based on the data of the 1980s and the 1990s separately. Specifically, the income inequality (GINI) tends to retard growth in the 1980s and to encourage growth in the 1990s (see also Fig. 6.3 for the scatter diagrams).[17] The above results are similar to Barro's (2000) findings when the full (that is, from 1980 to 1989 and from 1990 to 1999) samples are considered in a single regression, but different from with his findings when the 1980–1989 and the 1990–1999 samples are considered in separate regressions.

Might be there any forms of nonlinear relation between growth and cultural diversity? Our regressions show that the coefficients on the linguistic diversity (LANGUAGE) and on its interactive term with income inequality (LANGUAGE*GINI) are statistically insignificant for both the 1980–1989 and the

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[17]Note that the only difference between the two panel data is that five nations (Mali, Nicaragua, Singapore, Yemen and Zambia) are missing in the 1990 s' sample.
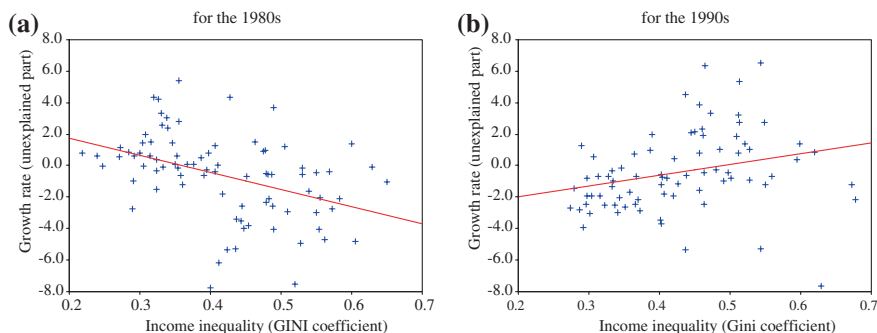
Fig. 6.3   Growth rate versus income inequality

1990–1999 periods (the regressions are omitted here). We suspect that impacts of linguistic barriers on economic activities do not exist in the 1990s, or, if they do, have at least become insignificant in contrast to the previous estimates by Adelman and Morris (1967), Haug (1967), and Reynolds (1985). The reason for this might be that educational and technological advances have to a certain extent reduced the linguistic barriers, especially for international and intercultural economic activities in the developed economies (Guo 2004).

However, our regressions show that the coefficients on income inequality (GINI), religious diversity (RELIGION) and on their interactive terms are statistically significant for the 1990–1999 period, though not for the 1980–1989 period (the estimated results are not reported here).[18] Since the 1980 and 1990s were branded by the Cold War and the post-Cold War periods, respectively, the question arises as to whether the findings are determined to any extent by the Cold War policies. Since countries may make choices in terms of their ideological preferences (Huntington 1996, p. 125), the determination of the economic activities during that period might be distorted, or at any rate, different from that of the post-Cold War period. Following this analytical logic, we are also led to believe that during the Cold War era cultural influences on economic activities might be largely reduced, if not dismissed.

More interesting results emerge in our regressions when the effect of religious diversity on economic growth is allowed to depend on the level of income inequality measured by Gini coefficient. As intuited from Fig. 6.4, religious diversity tends to encourage economic growth for low inequality (represented by Gini coefficient) nations (see Fig. 6.4a) and tends to retard economic growth for high inequality nations (see Fig. 6.4b). This result may be supported by the following presumptions. On the one hand, the lower inequality economies will be less sensitive to the measures of cultural diversity than higher inequality economies in which cultural diversity leads to barriers to intra-national trade or, more strongly,

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[18]We have also tested other forms of regressions (including those that include the interactive term of GINI and lnGDPPC), none of which has yielded statistically meaningful results.
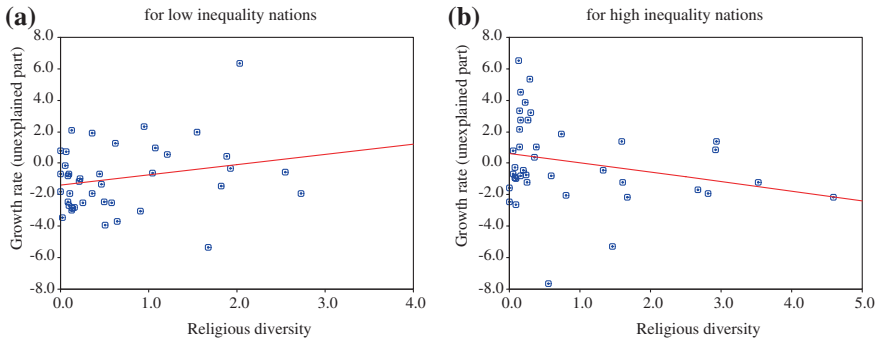
Fig. 6.4 Growth rate versus religious diversity (for the 1990s)

to violence. On the other hand, higher cultural diversity implies more comparative economic advantages for low inequality places.

These results have far-reaching implications. For a long time, there has been a serious concern that societal conflict arises from cultural dissimilarity (Huntington 1993). Ultimately, this may to some extent be traceable to a biological basis, since in most circumstances cooperation among animals is importantly influenced by genetic similarity (Wilson 1980, p. 448). As a result ascriptive ties are said to dampen coalition building and to inhibit compromise across groups (that cross-cutting cleavages promote), thus increasing chances for social conflict (Bollen and Jackman 1985). But our empirical evidence indicates that the above hypothesis might not be completely copied into human societies, at least during the post-Cold War period.

The major concern here is that we are trying to identify the roles of inequality and cultural variables whose effect on economic growth is indirect. In Barro's (2000) regressions, which are based on the data of three periods (1965 to 1975, 1975 to 1985, and 1985 to 1995), higher inequality tends to retard growth in poor countries and to encourage growth in richer places. However, in our regressions, when the effect of income inequality is allowed to depend on the level of economic development, measured by the natural log of real per capita GDP, the estimated coefficients on the interactive term 'GINI*lnGDPPC' (to save space, we omit the estimated results here) are not statistically significant for the 1980 and 1990s samples.

Our regressions suggest that for the 1990s income inequality tends to encourage economic growth for religious diversity indexes (DIVERSITY) to be low and tends to retard growth for religious diversity indexes to be high. Since there are quite few nations with a high religious diversity index (see Fig. 6.5b), we still need more statistical evidence to support the view that income inequality (GINI) retards economic growth in nations with higher religious diversity indexes. Nevertheless, Fig. 6.5a does provide some evidence that supports the view that income inequality (GINI) tends to encourage economic growth in nations with lower religious diversity indexes.
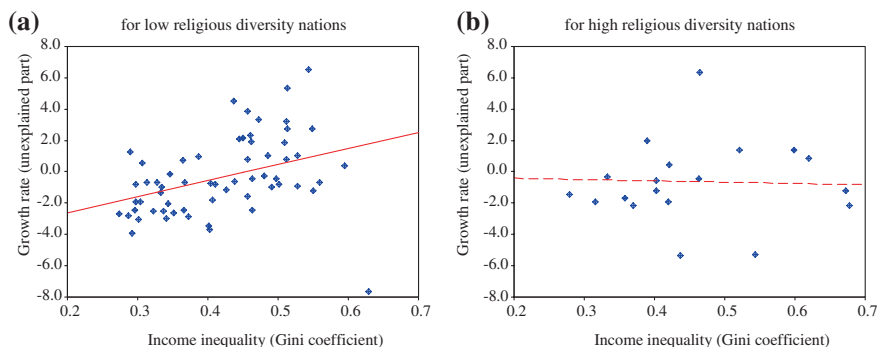
(a) for low religious diversity nations   **(b)** for high religious diversity nations

Fig. 6.5 Growth rate versus income inequality (for the 1990s)

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